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INTELLIGENCE MEMORANDUM

THE SITUATION IN GUATEMALA

APPROVED FOR RELEASE
DATE: MAR 2000

DIRECTORATE OF INTELLIGENCE

Office of Current Intelligence

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OCI No. 2924/65

CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
10 December 1965

INTELLIGENCE MEMORANDUM

The Situation in Guatemala

1. The Guatemalan government is facing crisis on several fronts. A worsening economic problem, destructive political maneuvering attending the election campaign, and increasing public disorder have left the Peralta regime seriously deprived of support and national confidence. Unless dramatic measures are taken quickly the regime's ability to withstand the combination of poor finances, terrorism, and conspiracy is doubtful.

2. Businessmen and financiers, already concerned by Guatemala's worsening foreign exchange deficit and a commodity scandal which has reflected on the integrity of prominent members of the administration, have begun to doubt the regime's ability to cope with terrorists. The latter three times in recent weeks have abducted members of prominent Guatemala City families for ransom. To date, \$180,000 in ransom has been paid furtively and in the face of police protests. Inept police investigations have been hampered by the refusal of the families of the kidnap victims to cooperate in any investigation or apprehension of the criminals.

3. The possibility of a coup attempt against Peralta is growing. Various reports indicate that a plot led by Miguel Angel Ponciano, MLN presidential candidate and former armed forces chief of staff, is moving into high gear (see Annex A). Ponciano and his supporters probably believe that the prevailing climate of insecurity and loss of confidence in the incumbent regime give them a good chance to effect the overthrow with a minimum of public protest. They

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apparently also believe that unless they move soon, Peralta will purge the military of the conspirators and probably banish them from the country. Ponciano's motivation is self-serving, since his chances of an electoral victory are slim.

4. The Ponciano coup plot appears to be developing toward a point where neither side will be able to withdraw. Rumors have already begun that certain of Ponciano's backers within the military are to be replaced. A Peralta attempt to remove one of the conspiring colonels could well be the signal for the overthrow attempt.

5. Ponciano reportedly has won some troop commanders to the conspiracy. This defection of military units suggests that a coup attempt may well lead to violence among the military. Armed conflict between the Guatemalan military obviously would benefit no one but Communist subversives.

6. There is also the possibility that a preemptive coup might take place, perhaps led by Ricardo Peralta Mendez, the chief of government's nephew. Plotting from this quarter has been reported recently; the chief is undoubtedly aware of it, and conceivably is involved in it (see Annex B). If this group were to take power the government as it now exists would continue but with different personalities. Ricardo Peralta Mendez is known to be an ambitious young officer who desires the taste of power. Once at the helm of government, Ricardo Peralta Mendez could not be expected to give up the position willingly.

7. There is also a danger that non-military factions--particularly those on the left-- will at some point be willing to engage in civil dissidence to forward their own objectives. This possibility of violence might be reduced in the unlikely event that the regime made a convincing exhibition of its willingness to permit honest competition, such as inviting OAS observers on election day. The ouster of Peralta by a group which does not endorse the established schedule for a return to constitutional government would almost surely precipitate political violence.

8. Finally, recent terrorism has raised the specter of continued instability to be faced by any type of government foreseeable for Guatemala over the next few years.

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Not only has violent subversion increased of late, in the face of strong security measures, but kidnappings and extortion have channeled large amounts of money into coffers of the insurgents (Yon Sosa's group and the Communists). Further increased capability on the part of these extremists spells continuing and intensified trouble for anyone at the palace in Guatemala City.

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ANNEX A

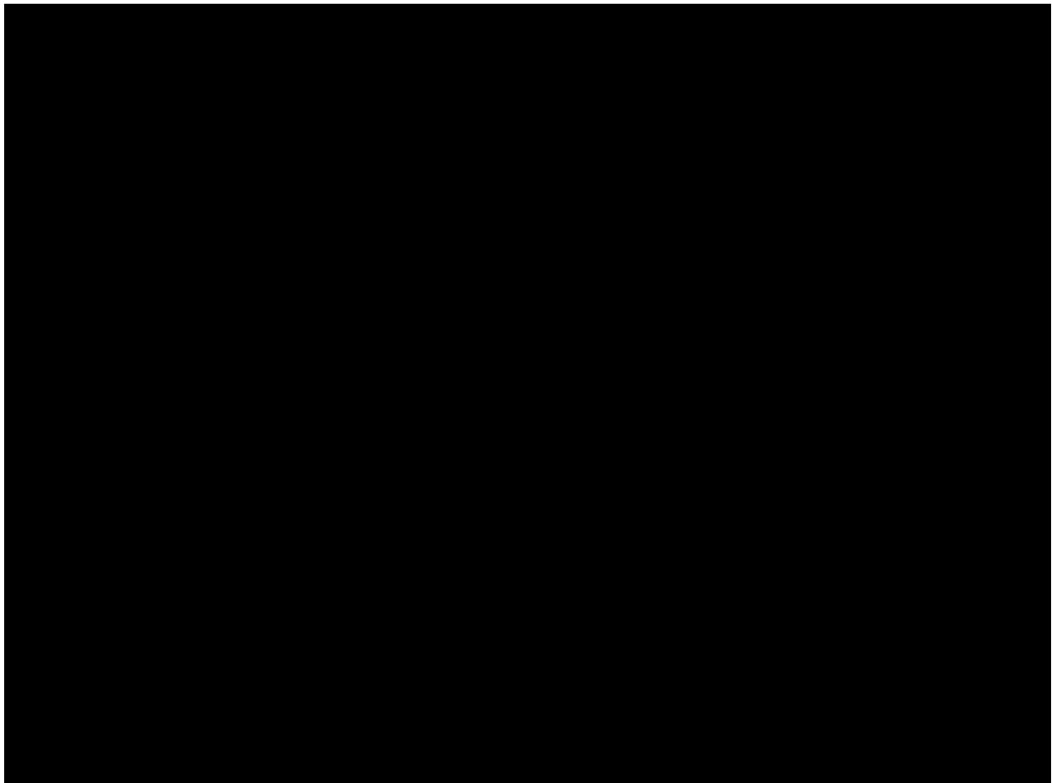
THE MIGUEL ANGEL PONCIANO SAMAYOA GROUP

1. Miguel Angel Ponciano Samayoa, presidential candidate of the National Liberation Movement (MLN) and former chief of staff of the armed forces, is reportedly the figurehead of the most serious current plot. Ponciano may have the support of the following:

a. The MLN, which provides a political base for a regime.

b. Businessmen, who subscribe to the rightist philosophy of Ponciano and the MLN and who are disenchanted with the incumbent regime.

c. General Somoza of Nicaragua, who has met with MLN leader Mario Sandoval Alarcon and who has indicated his willingness to provide financial backing for Ponciano.

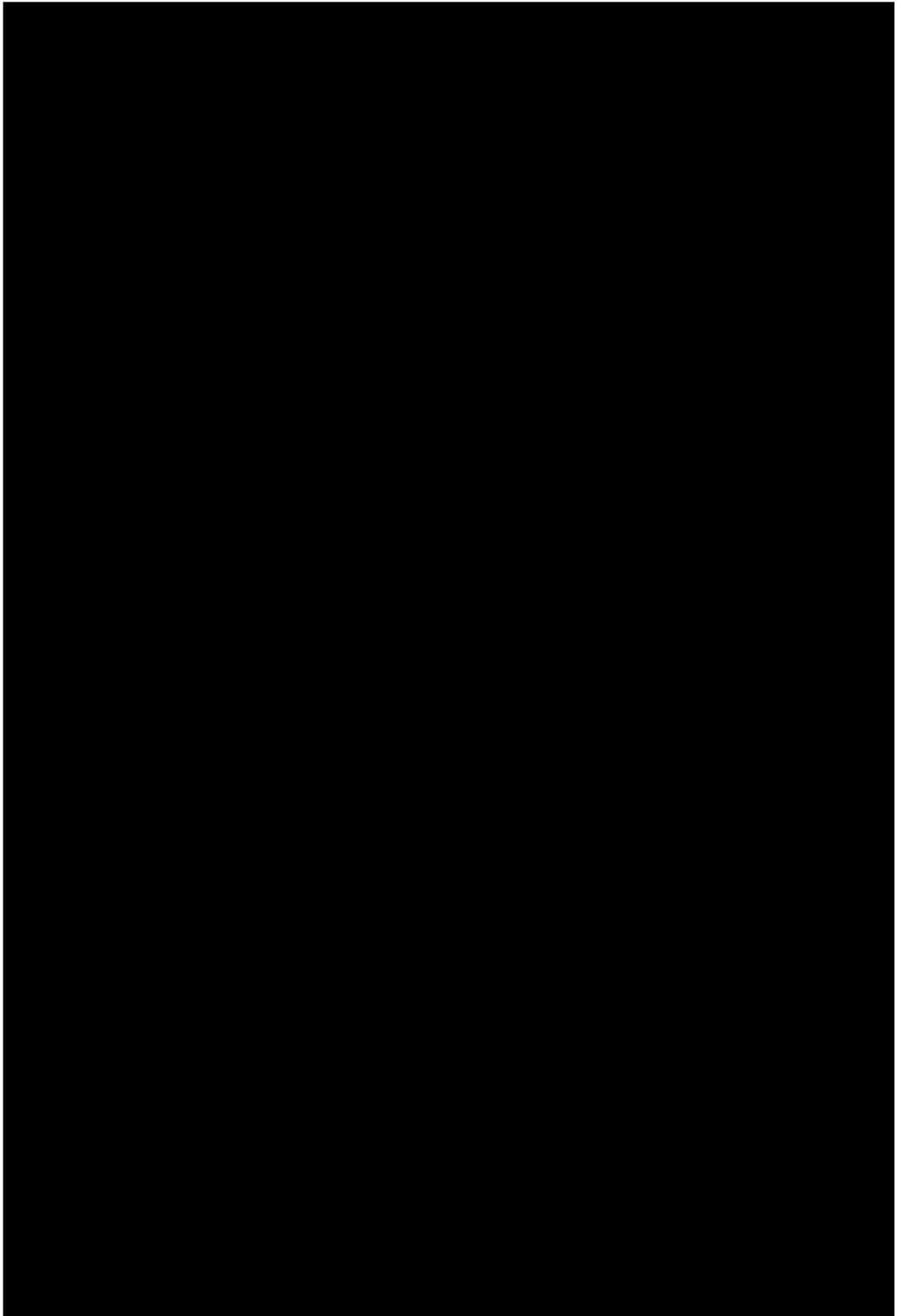


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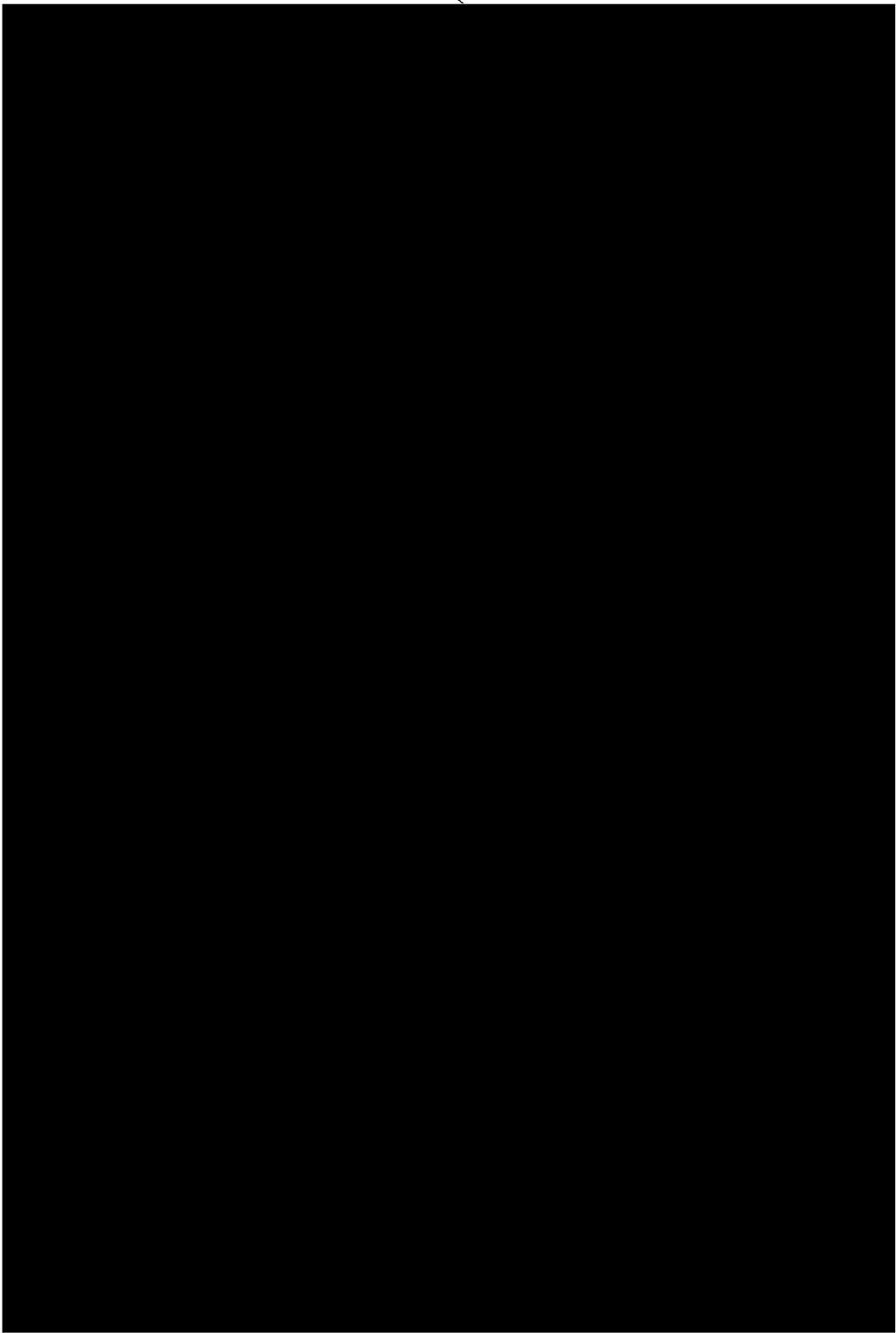
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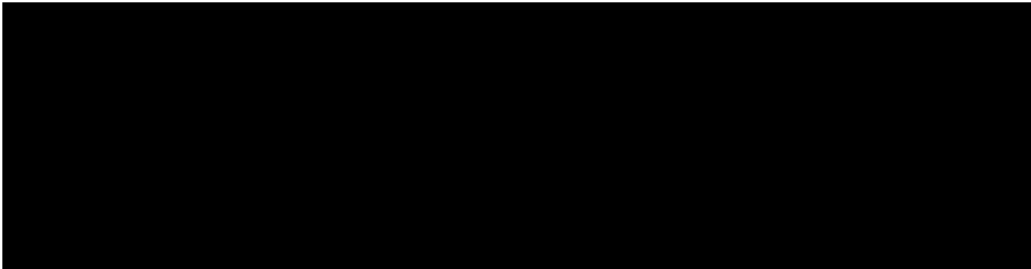


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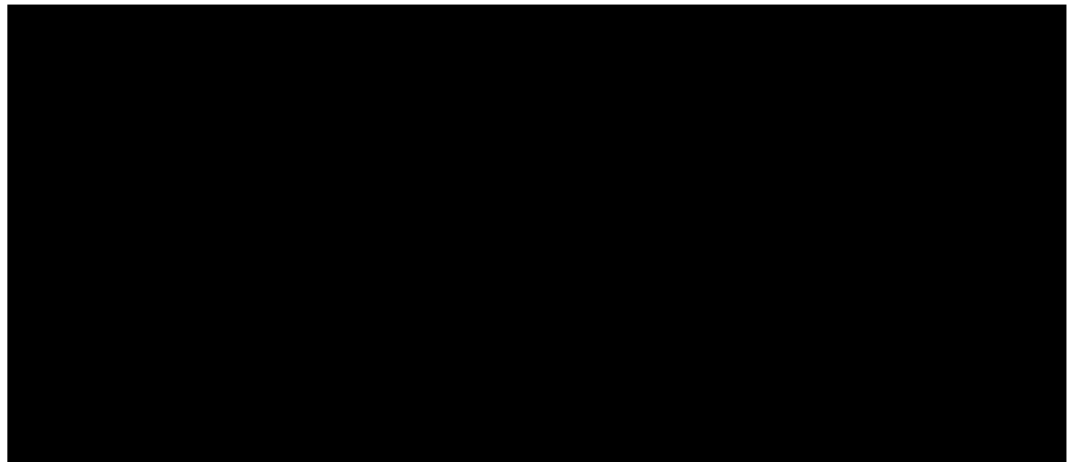
ANNEX B

THE RICARDO PERALTA MENDEZ GROUP

Ricardo Peralta Mendez, chief of staff of the executive household and a chief advisor of Colonel Enrique Peralta, reportedly intends to peacefully replace the Chief of Government with a triumvirate for the purpose of forestalling the election of an unacceptable candidate. Ricardo Peralta is known to have used his position of influence within the regime to place men loyal to him in key positions, and presumably has substantial power. Ricardo Peralta's preemptive coup plan may enjoy the complicity of the actual Chief of Government, since it would ensure the continuance of a "safe" administration. Peralta reportedly has the support of the following:

a. Carlos Enrique Peralta, nephew of the chief of government and Ricardo's brother and current Minister of Economy.

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e. The younger officers, who have professional and personal grievances against the old-line military.

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